

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

SAMUEL BARROLLE

Defendant.

SEALED INDICTMENT

07 Cr. _____

07 CRIM.

342

COUNT ONE
(Conspiracy)

The Grand Jury charges:

Background To The Conspiracy

1. At all times relevant to this Indictment:

(a) Hirank International, Inc. ("Hirank") was a corporation and a multi-service business that provided, among other things, tax return preparation services to its clients. Hirank operated out of an office located at 629 Lenox Avenue, New York, New York.

(b) A co-conspirator ("CC-1"), not named as a defendant herein, was the owner and President of Hirank. CC-1 personally prepared, and assisted in the preparation of, tax returns for clients of Hirank.

(c) Defendant SAMUEL BARROLLE worked for Hirank, preparing, and assisted in the preparation of, tax returns for clients of Hirank.

4-25-07

(d) Individuals generally report their income, and any attendant tax obligations, on a U.S. Individual Income Tax Return, Form 1040 (hereinafter "Form 1040"), which must be filed with the Internal Revenue Service ("IRS").

(e) IRS Form W-2 ("Wage and Tax Statement"), is a form prepared by employers documenting compensation paid to employees, as well as income and other taxes withheld from an employee's pay for a given tax year. Form W-2 is submitted to the IRS with Form 1040, documenting a taxpayer's wages and income for that particular tax year.

(f) Schedule A ("Itemized Deductions"), an IRS form that is attached to Form 1040 when applicable, must be used by taxpayers to document certain permissible deductions from taxable income to which the taxpayers claim entitlement. Deductions reported on Schedule A include, among other things: Medical and dental expenses, gifts to charity, and job-related and other miscellaneous expenses.

(g) Form 8453 ("U.S. Individual Income Tax Declaration for an IRS e-file Return") must be used by taxpayers who decide to have their U.S. Individual Income Tax Returns filed electronically. Although Form 1040 and its supporting schedules may be filed electronically, Form 8453 requires review, signature, and submission by the taxpayer and his or her return preparer. Information contained on Form 8453 includes summary income and tax

information from the corresponding Form 1040 tax return to be electronically filed, such as: adjusted gross income, total tax, and the total refund or amount owed by the taxpayer.

(h) Filing electronically allows individual taxpayers, and their designated return preparers, to have the IRS send tax refunds expeditiously, and to take advantage of "rapid refund" loan programs sponsored by third-party banks.

The Conspiracy

2. From on or about February 21, 1999, continuing through at least April 30, 2002, in the Southern District of New York and elsewhere, defendant SAMUEL BARROLLE and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate and agree together and with each other to defraud the United States and an agency thereof, to wit, the IRS of the United States Department of the Treasury, and to commit offenses against the United States, to wit, violations of Title 26, United States Code, Section 7206(2).

Objects of the Conspiracy

3. It was an object of the conspiracy that the defendant and others, known and unknown, would and did conspire to defraud the United States of America and the IRS by impeding, impairing, defeating, and obstructing by deceitful and dishonest means the lawful governmental functions of the IRS in the ascertainment, evaluation, assessment and collection of income taxes.

4. It was further an object of the conspiracy that the defendant and others, known and unknown, did unlawfully, willfully and knowingly aid and assist in, and procure, counsel and advise the preparation and presentation under the internal revenue laws of returns, claims and other documents, to wit, certain U.S. Individual Income Tax Returns for the tax years 1998 through 2001, which were fraudulent and false as to material matters, in violation of Title 26, United States Code, Section 7206(2).

Means of the Conspiracy

5. It was a means of the conspiracy that the defendant SAMUEL BARROLLE and others, known and unknown, would and did regularly cause their clients to file U.S. Individual Income Tax Returns that were false and fraudulent. Specifically, defendant and others known and unknown prepared and caused to be filed with the IRS false and fraudulent Schedules A for the clients of Hirank. Those Schedules A were false and fraudulent in that they claimed certain itemized deductions that were fictitious and/or fraudulently inflated, including false medical and dental expenses, charitable contributions, job-related expenses, and other miscellaneous deductions. The falsification of deductions and expenses on their clients' tax returns had the effect of reducing their clients' taxable income, resulting in IRS refunds being issued to said clients.

6. Defendant SAMUEL BARROLLE and others, known and unknown, would and did routinely claim itemized and other

deductions on behalf of Hirank clients that they knew were false and fraudulent, including medical and dental expenses, charitable contributions, and job-related expenses.

Overt Acts

7. In furtherance of the conspiracy and the objects thereof, defendant SAMUEL BARROLLE and others, known and unknown, committed and caused to be committed, in the Southern District of New York and elsewhere, the following overt acts:

a. On or about February 21, 1999, CC-1 caused to be filed with the IRS a Form 1040 for the tax year 1998, which claimed false and fraudulent Schedule A deductions in the name of Client 1.

b. On or about March 27, 1999, CC-1 caused to be filed with the IRS a Form 1040 for the tax year 1998, which claimed false and fraudulent Schedule A deductions in the name of Client 2.

c. On or about April 8, 2000, CC-1 caused to be filed with the IRS a Form 1040 for the tax year 1999, which claimed false and fraudulent Schedule A deductions in the name of Client 2.

d. On or about January 24, 2001, defendant SAMUEL BARROLLE signed and caused to be filed with the IRS a joint Form 1040 for the tax year 2000, which claimed false and fraudulent Schedule A deductions in the names of Clients 3 and 4.

e. On or about March 8, 2001, CC-1 signed and caused to be filed with the IRS a joint Form 1040 for the tax year 2000, which claimed false and fraudulent Schedule A deductions in the names of Clients 5 and 6.

f. On or about March 18, 2002, defendant SAMUEL BARROLLE signed and caused to be filed with the IRS a Form 1040 for the tax year 2001, which claimed false and fraudulent Schedule A deductions in the name of Client 7.

g. On or about March 18, 2002, CC-1 caused to be filed with the IRS a false and fraudulent Form 8453 in the name of Client 7.

h. On or about February 19, 2002, CC-1 signed and caused to be filed with the IRS a Form 1040 for the tax year 2001, which claimed false and fraudulent Schedule A deductions, in the name of Client 8.

i. On or about January 24, 2002, defendant SAMUEL BARROLLE signed and caused to be filed with the IRS a Form 1040 for the tax year 2001, which claimed false Schedule A deductions, in the name of Client 9.

j. On or about January 24, 2002, CC-1 caused to be filed with the IRS a false and fraudulent Form 8453 in the name of Client 9.

k. On or about February 14, 2002, defendant SAMUEL BARROLLE signed and caused to be filed with the IRS a Form

1040 for the tax year 2001, which claimed false and fraudulent Schedule A deductions, in the name of Client 10.

1. On or about February 14, 2002, CC-1 caused to be filed with the IRS a false and fraudulent Form 8453 in the name of Client 10.

(Title 18, United States Code, Section 371).

COUNTS TWO THROUGH NINETEEN

(Aiding And Assisting in the Preparation of False Returns)

The Grand Jury further charges:

8. The allegations contained in paragraphs 1 and 5 through 7 are repeated, realleged and incorporated by reference as though fully set forth herein.

9. On or about the dates set forth below, in the Southern District of New York, SAMUEL BARROLLE, the defendant, unlawfully, willfully and knowingly, did aid and assist in, and procure, counsel and advise the preparation and presentation under, and in connection with, matters arising under the internal revenue laws, of returns, claims and other documents, to wit, U.S. Individual Income Tax Returns, Forms 1040, for the calendar years set forth below, which returns were false and fraudulent as to material matters in that the returns claimed and represented that said taxpayers were entitled to certain Schedule A deductions in the amounts specified below, whereas, as defendant SAMUEL BARROLLE then and there well knew and believed, the said taxpayers had not incurred the expenses set forth below, and were not entitled to claim the said deductions for the said items in the said amounts as set forth below:

<u>COUNT</u>	<u>APPROXIMATE FILING DATE</u>	<u>TAX YEAR</u>	<u>MATERIAL MATTER</u>	<u>REPORTED AMOUNT</u>
2	2/8/2001	2000	Medical and Dental Expenses	\$9,245
			Gifts to Charity	\$12,017
			Unreimbursed Employee Expenses	\$6,283
			Other Miscellaneous Deductions	\$16,219
3	1/24/2001	2000	Gifts to Charity	\$8,850
			Unreimbursed Employee Expenses	\$10,300
4	1/18/2002	2001	Gifts to Charity	\$9,270
			Unreimbursed Employee Expenses	\$13,053
5	2/5/2003	2002	Medical and Dental Expenses	\$4,995
			Gifts to Charity	\$5,495
			Unreimbursed Employee Expenses	\$6,225
6	5/3/2001	2000	Gifts to Charity	\$9,945
			Unreimbursed Employee Expenses	\$6,595
7	3/18/2002	2001	Medical and Dental Expenses	\$9,989
			Gifts to Charity	\$13,330
			Unreimbursed Employee Expenses	\$7,515
8	1/23/2001	2000	Medical and Dental Expenses	\$9,955

<u>COUNT</u>	<u>APPROXIMATE FILING DATE</u>	<u>TAX YEAR</u>	<u>MATERIAL MATTER</u>	<u>REPORTED AMOUNT</u>
			Gifts to Charity	\$6,985
			Unreimbursed Employee Expenses	\$1,500
9	2/25/2002	2001	Medical and Dental Expenses	\$9,909
			Gifts to Charity	\$10,380
			Unreimbursed Employee Expenses	\$9,500
10	2/14/2001	2000	Medical and Dental Expenses	\$9,687
			Gifts to Charity	\$8,898
			Unreimbursed Employee Expenses	\$11,937
11	1/24/2002	2001	Medical and Dental Expenses	\$9,990
			Gifts to Charity	\$10,360
			Unreimbursed Employee Expenses	\$10,730
12	2/4/2001	2000	Medical and Dental Expenses	\$4,510
			Gifts to Charity	\$6,632
			Unreimbursed Employee Expenses	\$4,435
13	2/19/2002	2001	Medical and Dental Expenses	\$3,250
			Gifts to Charity	\$7,250
			Unreimbursed Employee Expenses	\$4,773

<u>COUNT</u>	<u>APPROXIMATE FILING DATE</u>	<u>TAX YEAR</u>	<u>MATERIAL MATTER</u>	<u>REPORTED AMOUNT</u>
14	3/9/2001	2000	Medical and Dental Expenses	\$8,775
			Gifts to Charity	\$8,389
			Other Miscellaneous Deductions	\$2,155
15	2/14/2002	2001	Medical and Dental Expenses	\$9,887
			Gifts to Charity	\$10,165
			Unreimbursed Employee Expenses	\$7,430
16	2/13/2001	2000	Medical and Dental Expenses	\$9,750
			Unreimbursed Employee Expenses	\$9,805
17	3/4/2002	2001	Medical and Dental Expenses	\$11,580
			Gifts to Charity	\$18,483
			Unreimbursed Employee Expenses	\$10,761

<u>COUNT</u>	<u>APPROXIMATE FILING DATE</u>	<u>TAX YEAR</u>	<u>MATERIAL MATTER</u>	<u>REPORTED AMOUNT</u>
18	3/3/2001	2000	Medical and Dental Expenses	\$5,400
			Gifts to Charity	\$5,480
			Unreimbursed Employee Expenses	\$4,935
19	2/20/2002	2001	Medical and Dental Expenses	\$8,550
			Gifts to Charity	\$7,352
			Unreimbursed Employee Expenses	\$8,155

(Title 26, United States Code, Section 7206(2))

James L. Sanchez-Louis
FOREPERSON

Michael J. Garcia
MICHAEL J. GARCIA
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA

- v -

SAMUEL BARROLLE,

Defendant.

INDICTMENT

07 Cr.

[18 U.S.C. § 371]
[26 U.S.C. § 7206(2)]

MICHAEL J. GARCIA
United States Attorney.

A TRUE BILL

Greg Lamarchia Parisi
Foreperson.

2007111587

4/25/09

Filed Ind.
Ellis, J.